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Weekly Highlights and Hot Bites #36

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Report Highlights:

- **CHANGE OF SIGNALS REGARDING BIO-FUELS**
- **NEW CONGRESS WILL INTEGRATE COMMISSIONS**
- **MEXICAN POULTRY INDUSTRY DEMANDS MARKET ACCESS**
- **NEW POULTRY PROCESSING PLANT IN MONTERREY MEXICO**
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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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CHANGE OF SIGNALS REGARDING BIO-FUELS

PEMEX director, Luis Ramirez, stated that the public oil company is now interested in exploring opportunities of developing bio-fuels in Mexico. This comes as a surprise after PEMEX stated last year they did not expect to see ethanol production in Mexico for at least 10 more years. The announcement comes after recent news about how the National Chamber of Alcohol & Sugar Industries have lobbied the Ministry of Agriculture (SAGARPA), the Ministry of Energy (SENER) to support two bio-energy laws that will be reviewed in the new Congress. (Source: El Financiero, 09/12/06)

NEW CONGRESS WILL INTEGRATE COMMISSIONS

Now that the new Mexican Congress has taken office legislators are in the process of forming different commissions to work in both the Lower House and the Senate. PRI legislators, promoted by the National Agricultural Workers' Confederation (CNC), will likely head the agricultural commissions. In the Lower House, Hector Padilla, currently the Secretary of Credit of the CNC, is the candidate to chair the Agricultural Commission. In the Senate, the current CNC president, Senator Heladio Ramirez, will most probably head the commission. (Source: Reforma; 9/13/06)

MEXICAN POULTRY INDUSTRY DEMANDS MARKET ACCESS

Mexican poultry industry leaders recognized the GOM's efforts to increase access to the Japanese market, but demanded that efforts be focused on opening the U.S. border to domestic production. During the inauguration of the Avicarnes processing plant, where U.S. \$23 million was invested in a state-of-the-art facility located in the state of Nuevo Leon, Jaime Yesaki, president of the National Agricultural Council (and chairman of the board of directors of Avicarnes), commented that trade relationships with other countries have been inequitable to Mexican companies. Yesaki said that while imports have risen significantly in the last years, Mexican exports have been blocked. As an example, Yesaki stated that last year Mexico imported 469,000 MT of poultry products, and 3.2 million live birds, from the United States, while exports to the United States accounted for only 97 MT of poultry preparations. (Source: Reforma; 9/14/06)

NEW POULTRY PROCESSING PLANT IN MONTERREY MEXICO

President Fox, along with Secretary of Agriculture Francisco Mayorga, and other officers from the Mexican Administration, attended the official opening of Avicarnes, a new chicken processing plant in Monterrey. Jaime Yesaki, current President of the Mexican Agricultural Council (CNA) and major owner of the facility, stated that U.S. \$23 million was invested in the plant. The Avicarnes plant has a capacity to process of about 9,000 birds per hour per line of production. (Source: Reforma 9/14/06)

BAD FAITH OF THE GOM ON THE SUGAR OPENING: SUGAR CANE GROWERS

The leader of the National Sugar Industry Union, Enrique Ramos-Rodriguez, complained that it is the Government of Mexico's "bad faith" (GOM) that explains the hard blows that have been dealt to the Mexican sugar cane growers. The authorization of additional sugar imports, according to Ramos-Rodriguez, has put thousands of sugar cane grower jobs at risk. He also stated that it is absolutely irresponsible that the GOM gave sugar import tariff rate quotas when the country has had record harvests and has enormous sugar stocks in national warehouses. (Source: La Jornada; 09/14/2006)

MEXICO LOSES MARKET SHARE IN THE UNITED STATES

Mexico's exports to the United States fell more than 12 percent between June and July, as the U.S. economy experienced a slowdown between the first and second trimester of the year. Mexican exports to United State reached \$15.5 billion in July, 12.9 percent less than the 17.7 billion shipped in June, according to an U.S. Commerce Department report. Also, U.S. exports to Mexico fell to \$11.7 billion in June compared to \$10.4 billion in July, a drop of 11 percent. (Source: El Financiero; 09/13/2006)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX6077	Mexico announces a duty free sugar TRQ from the U.S	9/12/06
MX6076	Mexico Announces Final Resolution to U.S. Rice Antidumping Investigation	9/12/06
MX6075	Weekly Highlights and Hot Bites #35	9/08/06
MX6074	Weekly Highlights and Hot Bites #34	9/01/06
MX6073	Mexico Announces a Sugar TRQ for 2006	8/30/06
MX6072	Fresh Deciduous Report	8/31/06
MX6071	Poultry Annual Report	8/31/06
MX6070	Mexico Publishes the List of Authorized Additives for Food and Beverages – Purified Substances, Enzymes & Synthetic Flavors	8/25/06
MX6069	Weekly Highlights and Hot Bites #33	8/25/06
MX6068	Livestock Annual	8/25/06
MX6067	Mexico Increases the Number of Authorized Crossing Points for Specific Products	8/22/06
MX6066	Tree Nuts Annual	8/18/06
MX6065	Mexico Increased the Number of Authorized Crossing Points for Meat & Edible Offals	8/15/06

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